

Message Text

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PAGE 01 LONDON 16849 301951Z

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ACTION EB-07

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 RSC-01 TRSE-00

EUR-12 AEC-07 ISO-00 MC-02 SSO-00 /030 W

----- 019043

R 301942Z DEC 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6897

UNCLAS LONDON 16849

EXCON

E.O. 11652: N/A

TAGS: ESTC, UK

SUBJECT: COMPUTER MACHINERY CO. LTD., HEMEL HEMPSTEAD,
HERTS.

REF. STATE AIRGRAM A 8871

1. INVESTIGATION AT CMC LTD. DISCLOSED THAT DURING 1973 WHILE STILL A SUBSIDIARY OF C.M. CORP., CALIF. THEY DECIDED TO EXHIBIT THEIR PRODUCTS IN EASTERN EUROPE. FROM FACTS AVAILABLE THEY BELIEVED EXHIBIT AREAS TO BE UNDER CUSTOMS SUPERVISION OF THE HOST COUNTRY AND THEREFORE WOULD NOT REQUIRE AN EXPORT LICENSE.

2. IN JANUARY 1974 THEY BECAME INDEPENDENT FROM CMC CALIF. WITH A RECIPROCAL DEVELOPMENT, MANUFACTURING AND DISTRIBUTION AGREEMENT.

3. ON AUGUST 22, 1974 CMC LTD. SENT 10 CARTONS OF PARTS OF DATA PROCESSING EQUIPMENT TO POLAND. THIS WAS NOT AS A RESULT OF A FIRM ORDER BUT TO USE AS A DISPLAY. THE CLIENT REQUIRED PROOF THAT CMC EQUIPMENT WOULD BE COMPATIBLE WITH THEIR ODRA 1500 COMPUTER. ACCORDING TO MR. BYE OF CMC LTD. THERE HAVE BEEN A LOT OF PROBLEMS IN THIS PROJECT WHICH IS THE REASON THE EQUIPMENT STAYED IN POLAND SO LONG.

UNCLASSIFIED

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PAGE 02 LONDON 16849 301951Z

4. ON SEP. 6, 1974 CMC LTD. SENT ONE TRUCK LOAD OF DISPLAY EQUIPMENT VALUED 18,046 POUNDS STERLING TO EASTERN EUROPE TO BE SHOWN AT EXHIBITIONS IN HUNGARY, CZECHOSLOVAKIA AND YUGOSLAVIA. THIS SHIPMENT AND THE ONE IN PAR. 3 ABOVE WAS PROCESSED THROUGH H.M. CUSTOMS AND EXCISE ON THEIR TEMPORARY EXPORTATION FORM X.S.140 AND PROCEEDED ON A CARNET.

5. CMC LTD. THEN FOUND THAT EXPORT LICENSES WERE REQUIRED FOR BOTH OF THE ABOVE SHIPMENTS. THE EXHIBITION TOUR WAS CANCELLED. THE FIRM INCURRED A SUBSTANTIAL PENALTY FOR FAILING TO APPEAR AT THE LAST SHOW IN ZAGREB.

6. THEY ASK FOR EXTENSION OF THE TIME TO RETURN THE MACHINE IN POLAND AS THEY WERE STILL ATTEMPTING TO OBTAIN AN ORDER. ALSO THEY HAD A PENDING APPLICATION FOR A LICENSE THAT WAS FILED IN JUNE OF 1974.

7. FOR LOGISTICAL REASONS COMPLICATED BY THE CHRISTMAS HOLIDAYS THIS MACHINE WILL NOT BE BACK IN THE U.K. UNTIL THE FIRST WEEK OF JANUARY 1975. THE RETURN HAS BEEN REQUESTED THROUGH BLYTH VAN SERVICE.

8. THE ONLY FIRM ORDER CMC LTD. HAS IN EASTERN EUROPE IS PETROINFORM, POLAND. THEY FILED A SINGLE TRANSACTION STATEMENT ON SEP. 30, 1974. ACCORDING TO MR. BYE THE COMPANY WILL SUFFER A PENALTY OF .1 OF \$240,000 PER DAY STARTING JAN. 1, 1975 ON THIS CONTRACT.

9. A FULL REPORT WITH EXHIBITS WILL FOLLOW.
SPIERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTIGATIONS, EXPORT LICENSES, STRATEGIC TRADE CONTROLS, COMPUTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON16849
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740377-0566
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974125/aaaaadpk.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 74 STATE AIRGRAM A 8871
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 02 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 OCT 2002 by ReddocGW>; APPROVED <27 DEC 2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMPUTER MACHINERY CO. LTD., HEMEL HEMPSTEAD, HERTS.
TAGS: ESTC, UK, COMPUTER MACHINE CO LTD
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005